

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1
PA RESPONSE	
FINDINGS AND RECOMMENDATION	2
Personnel-Salaries	2
Personnel –Social security taxes	2
Personnel-Workers’ compensation, rate variance	2
Personnel –Self-Insured Workers’ Compensation	2
Recommendation	2
SCHEDULE A	3

## **INTRODUCTION**

Jackson County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish paternity and to obtain support orders for all cases where the Jackson County Prosecuting Attorney (PA) had jurisdiction. The Jackson County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Jackson County for their costs based on the Federal IV-D Program regulations.

## **SCOPE**

We performed an audit of the costs submitted for reimbursement by the Jackson County PA for the period October 1, 1999 through September 30, 2000. We performed the audit tests that we determined were necessary to determine if the costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

## **EXECUTIVE SUMMARY**

We found that the Jackson County PA overbilled the FIA for some line items. The State share of the net amount overbilled was \$4,641. (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$4,641 from the Jackson County PA.

## **PA RESPONSE**

The Jackson County PA did not respond to our draft audit report.

## **FINDINGS**

### **Personnel - Computation Error in Salaries**

1. The Jackson County PA overbilled the FIA \$500.00 for salaries of employees due to a math error. (See Schedule A.)

### **Personnel – Social Security Tax**

2. The Jackson County PA overbilled the FIA \$61.00 for social security tax which was computed on the overbilled salaries in the above finding. (See Schedule A.)

### **Personnel - Workers Compensation**

3. The Jackson County PA overbilled the FIA \$146.00 for workers' compensation costs because they billed at a higher rate of contribution than the actual rate of contribution specified in the insurance company's rate classification. (See Schedule A.)

### **Personnel – Self-Insured Workers Compensation.**

4. Jackson County PA overbilled FIA \$5,710.00 for self-insured workers' compensation. Jackson County did not provide the detailed analysis as required by The Federal Office of Management and Budget Circular No. A-87, Attachment C, Section G, 2 for maintaining the retained earning balance of \$1,185,219.00 for self-insured workers compensation. We allowed a 2 ½ month reserve balance for self-insured workers compensation when computing the overbilled amount. Circular A-87 limits the reserves in an internal service fund to 75 days of working capital. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$4,641.00 from the Jackson County PA.

Finding #	Line Item	Audit Period	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	10/1/99-9/30/00	\$ (500)	100.00%	\$ (500)		
2	Personnel	10/1/99-9/30/00	\$ (5,710)	100.00%	\$ (5,710)		
3	Personnel	10/1/99-9/30/00	\$ (146)	100.00%	\$ (146)		
4	Personnel	10/1/99-9/30/00	\$ (61)	100.00%	\$ (61)		
<b>Grand Total of the IV-D Audit Adjustments</b>					\$ (6,417)		
Calculation of the Payment Due the (State)							
County							
Audited IV-D Amount					\$ (6,417)		
IV-D Amount Used for the Payments Actually							
Made					\$ (6,417)	72.33%	\$ (4,641)